



Foreign Agricultural Service

GAIN Report

Global Agriculture Information Network

Required Report - public distribution

Date: 9/18/2001

GAIN Report #AS1031

Australia

Dried Fruit

Annual

2001

Approved by:

Randolph H. Zeitner

U.S. Embassy

Prepared by:

Mike Darby

Report Highlights:

Production of sultanas and raisins in 2001/02 is estimated to have fallen almost by half to 13,676 MT. Production for 2002/03 is forecast at 29,000 MT, representing a return to normal weather conditions. Record low production is expected to result in record low exports in CY 2001 of only 4,400 MT.

Includes PSD changes: Yes
Includes Trade Matrix: Yes
Annual Report
Canberra [AS1], AS

Executive Summary	1
Sultanas	2
Production	2
General	2
Yield	3
Crop Quality	3
Cross Commodity Developments	3
Consumption	4
General	4
Prices	4
Trade	5
General	6
Policy	7
Production Policy	7

Executive Summary

The 2001/02 crop is estimated by post at 13,676 MT, representing a reduction of 49 percent on the previous year. This estimate is in line with industry reports. Industry sources describe the level of production as the lowest in living memory.

The dramatic fall in production was mainly due to problems associated with climate and to a lesser extent, marketing decisions made by producers. The 2001/02 crop suffered from unusually overcast and cooler conditions early in the season during flowering and bunch initiation. Low levels of sunlight at this critical time greatly reduced the number of bunches formed per vine, greatly reducing yield. However, industry sources report that younger vines without dense foliage did not suffer the same low yields. Furthermore, over the past decade a trend has emerged with the diversion of grapes away from Dried Vine Fruit (DVF) production towards wine production.

Post forecasts 2002/03 production at 29,000 MT, representing a return to normal production levels. Although this figure represents a 112 percent increase on the severely weather affected crop of the previous year, it represent only a 9 percent increase on the slightly weather affected crop of 2000/01.

According to industry reports, quality of fruit produced in 2001/02 is regarded as well above average with 51 percent of sultanas achieving 5 crown, 34 percent achieving 4 crown and 14.4 percent achieving 3 crown. This compares favorably with the previous year where only 24 percent achieved 5 crown, 40.6 percent achieved 4 crown and 34.2 percent achieved 3 crown.

Official ABS statistics show that for the period January to July 2001, exports fell by around 31 percent when compared to the same period in the previous year. Post forecasts exports of sultanas to fall significantly during 2001. The major export markets are expected to be Germany, New Zealand, Japan, Canada, and the UK.

Record low production is expected to result in record low exports. Industry sources have indicated that exporters will try to maintain a presence in major export markets at the expense of the domestic market and minor export markets.

Official ABS statistics show that for the period January to July 2001, imports remained relatively flat when compared to the same period for the previous year. Post forecasts imports to remain high at 16,491 MT for CY 2001.

Sultanas

Production

PSD Table						
Country	Australia					
Commodity	Raisins				(HA)(MT)	
	Revised	1999	Preliminary	2000	Forecast	2001
	Old	New	Old	New	Old	New
Market Year Begin		03/2000		03/2001		03/2002
Area Planted	24	24	24	24	0	25
Area Harvested	21	21	21	21	0	22
Beginning Stocks	4600	4600	4700	6919	4700	1000
Production	26667	26667	29000	13676	0	29000
Imports	17343	17353	15000	17400	0	15000
TOTAL SUPPLY	48610	48620	48700	37995	4700	45000
Exports	8610	6401	8000	4416	0	5200
Domestic Consumption	35300	35300	36000	32579	0	35000
Ending Stocks	4700	6919	4700	1000	0	4800
TOTAL DISTRIBUTION	48610	48620	48700	37995	0	45000

General

This report refers to sultanas which includes sultanas and Thompson Seedless Raisins (TSR) or Lexias, but not currants. Sultanas account for about 90 percent of the production figures in the PS&D tables.

The main sultana, and dried vine fruit (DVF) growing area is the Sunraysia district situated on the River Murray in north western Victoria. The industry is serviced by four major packers and three marketers. The major marketers are Australian Dried Fruit Sales and Angus Park Fruit Company Pty Ltd, handling fruit both for the Australian and export markets.

The Australian sultana crop is harvested from February through to April. Post deems the harvest ending April to fall within the marketing year beginning March.

The 2001/02 crop is estimated by post at 13,676 MT, representing a reduction of 49 percent on the previous year. This estimate is in line with industry reports. Industry sources describe level of production as the lowest in living memory.

The dramatic fall in production was mainly due to problems associated with climate and to a lesser extent, marketing decisions made by producers. The 2001/02 crop suffered from unusually overcast and cooler conditions early in the season during flowering and bunch initiation. Low levels of sunlight at this critical time greatly reduced the number of bunches formed per vine, greatly reducing yield. However, industry sources report that younger vines without dense foliage did not suffer the same low yields. Furthermore, over the past decade a trend has emerged with the diversion of grapes away from Dried Vine Fruit (DVF) production towards wine production.

Post forecasts the 2002/03 at 29,000 MT, representing a return to normal production levels. Although this figure represents a 112 percent increase on the severely weather affected crop of the previous year, it represents only a 9 percent increase on the slightly weather affected crop of 2000/01.

Post assumes normal weather conditions for the 2002/03 season, boosting production back to normal levels. Industry sources describe normal production levels to be around 30,000 MT. Furthermore, significant falls in the prices received for grapes for wine production have improved the relative price of grapes for DVF production.

Yield

According to industry sources and assuming normal weather conditions, yields are generally expected to be around 2t per hectare and higher for rootstock vines. These yields were achieved in 1999/2000 and 2000/01. However, yields for 2001/02 are estimated to be around half of this, due to unfavorable climatic conditions.

Post's forecast production for 2002/03 is contingent on a return to average yields.

Crop Quality

According to industry reports, quality of fruit produced in 2001/02 is regarded as well above average with 51 percent of sultanas achieving 5 crown, 34 percent achieving 4 crown and 14.4 percent achieving 3 crown. This compares favorably with the previous year where only 24 percent achieved 5 crown, 40.6 percent achieved 4 crown and 34.2 percent achieved 3 crown.

Cross Commodity Developments

Multipurpose grapes can be used for drying, bulk quality wine manufacture and fresh consumption. Traditionally, the price received from each activity determines the ratio used in each enterprise. According to media reports, since 1992 the DVF industry has been suffering from the diversion of fruit away from DVF production toward wine production, due to wineries offering higher prices. However in recent times, falls in prices offered for wine grapes has renewed interest in DVF production and industry sources are anticipating an increase in DVF production over the medium term.

Media reports indicate that dried fruit processors paid up to \$1750/MT for dried Sultana grapes, or around \$410/MT for the "wet" equivalent. This compares with about \$310 /MT reportedly being offered by wineries for equivalent grapes.

Industry sources indicate that the price relativities are now such that planting in Sultana grape vines for DVF

production have now begun. Media reports are now indicating a sustained investment interest in the dried fruit industry which is resulting in around 1,000 hectares of new plantings per annum. While these plantings are expected to significantly increase production, it will take around three years for these vines to reach maturity.

Statistics regarding the removal of vines is currently not available, however post believes that vine removal will partially constrain increases in production over the medium term.

ABARE statistics show that production of multi purpose grapes for wine making has fallen significantly in recent years. While government sources indicate that most of these vines are being replaced by premium wine grape varieties, they also suggest some of this produce is being diverted back to dried fruit production.

The following table details ABARE's estimate for production of the four major Australian grape categories and total Australian grape production for wine making. Figures are in '000 MT for the March-February crop year.

Year	Red	White	Multipurpose	Total
1998/99	436	448	218	1102
1999/2000	538	438	154	1129
2000/01	669	485	130	1284

Consumption

General

Australian per capita consumption of sultanas has been decreasing due to a general trend in consumption away from processed to fresh products. However, the Australian Bureau of Statistics (ABS) indicates that total Australian dried fruit (including tree and vine fruit) consumption has actually increased slightly in recent years.

Industry reports show domestic consumption to be relatively static but increasing slightly from 1.90 kg per capita in 1995/96 to 1.96 kg per capita in 2000/01.

Prices

Recent media reports estimate that the "five crown light" grade of sultanas are valued at A\$1600 per MT dried weight.

Trade

Import Trade Matrix			
Country	Australia		
Commodity	Raisins		
Time period	Jan - Dec	Units:	MT
Imports for:	2000		2001
U.S.	653	U.S.	1500
Others		Others	
Turkey	10717	Turkey	11280
Iran	2491	Iran	2759
Greece	1430	Chile	602
Chile	734	Greece	246
Argentina	204	Argentina	34
Egypt	200	China	34
United Kingdom	22	South Africa	33
China	18	Saudi Arabia	2
New Zealand	1	New Zealand	1
Total for Others	15817		14991
Others not Listed	0		0
Grand Total	16470		16491

Note: CY2001 is a post forecast based on actual data from January to July 2001.

Export Trade Matrix			
Country	Australia		
Commodity	Raisins		
Time period	Jan - Dec	Units:	MT
Exports for:	2000		2001
U.S.	0	U.S.	0
Others		Others	
Germany	2305	Germany	1050
United Kingdom	1238	New Zealand	850
Canada	1074	Japan	800
New Zealand	905	Canada	780
Japan	306	United Kingdom	610
Belgium	186	Belgium	150
Malaysia	132	Malaysia	90
Italy	104	Fiji	80
Fiji	72	The Netherlands	60
France	62	Italy	50
Total for Others	6384		4520
Others not Listed	207		0
Grand Total	6591		4520

Note: CY2001 is a post forecast, based on actual data from January to July 2001.

General

Official ABS statistics show that for the period January to July 2001, exports fell by around 31 percent when compared to the same period in the previous year. Post forecasts exports of sultanas to fall significantly during 2001. The major export markets are expected to be Germany, New Zealand, Japan, Canada, and the UK.

Record low production is expected to result in record low exports. Industry sources have indicated that exporters will try to maintain a presence in major export markets at the expense of the domestic market and minor export markets.

Official ABS statistics show that for the period January to July 2001, imports remained relatively flat when compared to the same period for the previous year. Post forecasts imports to remain high at 16,491 MT for CY 2001.

Policy

Production Policy

Traditionally the two major horticultural organizations in Australia have been the Horticultural Research and Development Corporation (HRDC) and the Australian Horticultural Corporation (AHC). The HRDC was responsible for research and development and the AHC was responsible for promotional activities. Both organizations were funded by levies paid by growers and received pro rata government funding for specific purposes.

Horticulture Australia Ltd (HAL) is the new organization that replaced the AHC and HRDC as of February 1, 2001. It was established under corporations law as a not-for-personal-profit company in accordance with the Memorandum of Understanding (MOU) signed by 26 industry organizations. The focus of the new company is the continued marketing and promotion of horticultural products in both domestic and export markets as well as to exploit the opportunities for uptake and commercialization of new technology.

The levy arrangements for dried fruit producers have not changed as a result of this merger. Dried fruit growers continue to pay a \$7.00 per tonne promotion levy and \$11.00 per tonne research levy. Both of these levies now fund activities provided by HAL.